FEDERAL ELECTION COMMISSION
WASHINGTON, D.C. 20463

February 16, 1999

Trevor Potter, Esquire
Wiley, Rein and Fielding
1776 K Street, N.W.
Washington, D.C. 20006

RE: MUR 4879
Beaulieu of America, Inc.
Carl M. Bouckaert

Dear Mr. Potter:

This matter was referred to the Federal Election Commission by the United States Department of Justice. Pursuant to a plea agreement entered into by your client, Beaulieu of America, Inc., it has agreed to submit to the Federal Election Commission's jurisdiction with regard to certain campaign contributions made to Alexander for President, Inc. in 1995. Under the terms of the plea agreement, Beaulieu of America, Inc. has agreed to enter into a conciliation agreement and pay a $200,000 civil penalty to the Federal Election Commission in connection with the violations.

Based upon the information contained in the plea agreement, on February 2, 1999, the Federal Election Commission found that there is reason to believe Beaulieu of America, Inc. and Carl M. Bouckaert knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f, provisions of the Federal Election Campaign Act of 1971, as amended ("the Act"). Enclosed is a copy of the General Counsel's Factual and Legal Analysis which formed a basis for the Commission's findings.

In order to expedite the resolution of this matter, enclosed is a conciliation agreement offered in settlement of this matter prior to a finding of probable cause to believe. You should respond to this notification within fifteen days.

This matter will remain confidential in accordance with 2 U.S.C. §§ 437g(a)(4)(B) and 437g(a)(12)(A), unless you notify the Commission in writing that you wish the investigation to be made public.

For your information, attached is a brief description of the Commission's procedures for handling possible violations of the Act. If you have any questions, please contact Maura Callaway, Special Assistant, at (202) 694-1650.

Sincerely,

Scott E. Thomas
Chairman

Enclosures
Procedures
Conciliation Agreement
Factual and Legal Analysis

FEDERAL ELECTION COMMISSION
FACTUAL AND LEGAL ANALYSIS

RESPONDENTS: Beaulieu of America, Inc.; Carl M. Bouckaert — MUR 4879

On December 10, 1998, the Commission received a referral from the Department of Justice involving Beaulieu of America, Inc. ("Beaulieu"), a corporation located in Georgia. The Department of Justice has conducted a criminal investigation and has entered into a plea agreement with Beaulieu. Pursuant to the Guilty Plea and Plea Agreement, Beaulieu has now paid a one million dollar ($1,000,000) criminal fine, been placed on probation for a period of two years during which it will implement a corporate compliance program to prevent future FECA violations, and its principal officers will serve a total of 500 hours of community service as part of the corporation's probation. The Court accepted the plea agreement and sentenced Beaulieu on December 1, 1998. All criminal fines and assessments were paid immediately after sentence was imposed.

The Guilty Plea and Plea Agreement states that Beaulieu acknowledges that the Commission has exclusive authority to seek civil remedies against it for the violations at issue. Beaulieu also agrees to submit to the Commission's jurisdiction, to cooperate with the Commission in its compliance proceedings against it, including waiving notification procedures to which it may be entitled and any statute of limitations which may be applicable to Commission compliance proceedings, and to enter into a conciliation agreement and to pay whatever civil penalty the Commission deems appropriate pursuant to the provisions of 2 U.S.C. § 437g(a)(5). The plea agreement continues on to state that the Department of Justice and Beaulieu have agreed that a civil penalty of $200,000 would be an appropriate civil disposition of this matter before the Commission. Enclosed with the referral was a check, payable to the Federal Election Commission, in the amount of $200,000.

The Criminal Information and Plea Agreement state that in 1995 Carl M. Bouckaert, the Chief Executive Officer of Beaulieu, was a National Finance Co-Chair of Alexander for President Inc., the principal campaign committee of Lamar Alexander in the 1996 presidential election. On March 8, 1995, the Alexander for President committee held a $1,000 per person fundraising dinner in Dalton, Georgia. Carl M. Bouckaert was one of the co-chairs of the dinner. At the direction of corporate officers, at least 36 persons, comprised of employees and their spouses, made contributions, using personal checks, of $1,000 each to Alexander for President committee to purchase tickets to the dinner. After the contributions were made, Beaulieu reimbursed the employees using corporate funds, disguising the reimbursements as "bonuses" or "expense reimbursements."

The Plea Agreement states that as a result of this conduct, "the Alexander for President Committee unwittingly and incorrectly reported as individual contributions what were in fact at least $36,000 in corporate contributions funneled through conduits." The Plea Agreement also states that beginning in or about March 1995 and continuing until in or about January 1996, Beaulieu "knowingly and willfully violated laws of the United States related to campaign financing as set forth in the Federal Election Campaign Act ("FECA")." The Criminal Information states that Beaulieu "did knowingly and willfully make and consent to contributions in violation of the prohibition against corporate contributions," in violation of 2 U.S.C. § 441b(a), and that Beaulieu "did knowingly and willfully make and cause to be made contributions in violation of the prohibition against disguised contributions made through conduits," in violation of 2 U.S.C. § 441f. In the Guilty Plea and Plea Agreement, Beaulieu "admits that it committed the specific violations of the FECA set forth in Counts One through Five of the Information."

Pursuant to 2 U.S.C. § 441b(a), it is unlawful for any corporation to make a contribution or an expenditure in connection with a federal election, and it is unlawful for any officer or director of a corporation to consent to the making of a contribution or expenditure by a corporation. Pursuant to 2 U.S.C. § 441f, no person shall make a contribution in the name of another person or knowingly permit his name to be used to effect such a contribution and no person shall knowingly accept a contribution made by one person in the name of another person.

In this matter, Beaulieu has admitted in the Guilty Plea and Plea Agreement that it knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f in that it knowingly and willfully made and consented to conduit contributions of at least $36,000 to Alexander for President, Inc. by causing various employees and their spouses to make contributions using personal funds and then reimbursing those employees with corporate funds disguised as "bonuses" or "expense reimbursements." The information contained in the plea agreement indicates that Carl M. Bouckaert was one of the corporate officers who approved such corporate activity. Therefore, there is reason to believe that Beaulieu and Carl M. Bouckaert knowingly and willfully violated 2 U.S.C. §§ 441b(a) and 441f.